

## Message Text

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C O N F I D E N T I A L STATE 288931 TOSEC 310072

STADIS/////////////////////////////////  
EXDIS

FOLLOWING LONDON 19062 SENT ACTION SECSTATE NOV 24; REPEATED  
TO YOU QUOTE

C O N F I D E N T I A L LONDON 19062

STADIS

EXDIS

FROM UNDER SECRETARY ROGERS

E.O. 11652: GDS  
TAGS: ENRG, ECON, ETRD, OECD  
SUBJECT: CONSULTATIONS BETWEEN UNDER SECRETARY OF  
STATE AND JAPANESE ON OPEC AND OTHER ISSUES

1. SUMMARY: AT NOVEMBER 23 LUNCHEON IN PARIS, UNDER  
SECRETARY ROGERS HELD CONSULTATIONS WITH JAPANESE  
FOREIGN MINISTRY AND MITI OFFICIALS ON FOLLOWING ISSUES:  
(1) PROSPECTIVE EVOLUTION OF CIEC; (2) U.S. DEMARCHE  
ON POSSIBLE OIL PRICE INCREASE; (3) JAPANESE/EC TRADE  
NEGOTIATIONS. JAPANESE PARTICIPANTS WERE: MOTONO,  
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DIRECTOR GENERAL, ECONOMIC OFFICE, MINISTRY OF FOREIGN

AFFAIRS; KINOSHITA, DIRECTOR OF INTERNATIONAL RESOURCES DIVISION, ENERGY AND RESOURCES; KARITA, DIRECTOR OF RESOURCES DIVISION, MINISTRY OF FOREIGN AFFAIRS. DISCUSSION REVEALED SUBSTANTIAL COINCIDENCE OF US/JAPANESE VIEWS ON FUTURE DEVELOPMENT IN CIEC. JAPANESE EXPRESSED STRONG AGREEMENT WITH US RE DEMARCHE TO OPEC, NON-OIL LDC'S, AND DC'S BOTH WITH RESPECT TO SUBSTANCE OF OUR ARGUMENTS AND TO NON-PUBLIC APPROACH ADOPTED. END SUMMARY.

2. CIEC. MONTONO SAID THAT HE HAD BEEN SURPRISED AT A TURN-AROUND IN PEREZ GUERRERO'S POSITION. EARLIER PEREZ GUERRERO HAD BEEN INSISTING ON TWO CONCLUSORY CIEC MEETINGS, ONE IN DECEMBER AND ONE IN MARCH AND EMPHASIZING THE RELATIONSHIP OF CIEC AND AN OIL PRICE INCREASE. MOTONO REPORTED THAT WITHIN THE PAST 24 HOURS, HOWEVER, HE HAD DETECTED PEREZ GUERRERO HAD SOFTENED ON BOTH ISSUES, AND WAS NOW EVIDENTLY ON THE WAY TO ACCEPTING A STRAIGHTFORWARD POSTPONEMENT OF THE MINISTERIAL. MOTONO ATTRIBUTED THE SHIFT TO TWO BASIC FACTORS: (1) G-19, ESPECIALLY NON-OIL LDC COUNTRIES HAVE APPARENTLY GAINED A DEEPER APPRECIATION OF THE DETRIMENTAL IMPACT WHICH AN OIL PRICE INCREASE WOULD HAVE ON THE WORLD ECONOMY; (2) G-19 APPEARS TO BE HAVING DIFFICULTY IN FORMULATING A COMMON POSITION ON THE OIL PRICE QUESTION. ACCORDING TO JAPANESE, SPLITS WITHIN G-19 WERE OF TWO KINDS. NON-OIL LDC'S COULD WELL FEAR THAT OIL PRICE INCREASE WOULD HAVE RESULT OF REDUCING FINANCIAL FLOWS FROM INDUSTRIAL COUNTRIES, THUS EXACERBATING THEIR EXTERNAL FINANCIAL POSITION. WITHIN OPEC ITSELF, A DIVISION MAY HAVE OPENED UP SUCH THAT THE HARD LINER ON PRICE INCREASES, E.G. IRAN, NOW FEEL THEY ARE BEING ISOLATED, WHEREAS PREVIOUSLY THE RELATIVELY MODERATE SAUDIS WERE IN THIS POSITION. JAPANESE ALSO NOTED THAT WHILE G-19 HAD COMPLAINED RECENTLY OF LACK OF PROGRESS IN CIEC, THEY HAVE FOCUSED THEIR CRITICISM ON COMMISSIONS OTHER THAN THE ENERGY COMMISSION. THEY ASCRIBE THIS SITUATION TO FACT THAT PROGRESS HAS BEEN MADE ON ENERGY COMMISSION ISSUES, OTHER THAN PRICE (I.E. COOPERATION AND SUPPLY) WHICH

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ARE IMPORTANT TO COUNTRIES, SUCH AS JAMAICA.

3. US DEMARCHE ON OIL PRICES: UNDER SECRETARY ROGERS OUTLINED IN DETAIL OUR THREE-PRONGED DEMARCHE (TO OPEC, THE NON-OIL LDCS AND THE DCS). MOTONO EXPRESSED AGREEMENT WITH SUBSTANCE OF US APPROACHES AND WITH LOW-KEY PROCEDURE THAT WE ADOPTED. IN THIS RESPECT, MOTONO EMPHASIZED THE IMPORTANCE OF AVOIDING PUBLIC STATEMENTS

ON OIL PRICE ISSUE WHICH COULD LEAD TO CONFRONTATION WITH OPEC. JAPANESE MADE CLEAR THEIR CONCERN OVER THE EFFECT OF AN OIL PRICE INCREASE ON ECONOMIC, AND HENCE POLITICAL, STABILITY IN EUROPE. UNDER SECRETARY ROGERS TOLD JAPANESE THAT WE WOULD KEEP THEM UP TO DATE ON OUR APPROACHES TO VARIOUS GOVERNMENTS AND ON THE REACTIONS THERETO. IN ADDITION, HE INDICATED THAT WE WOULD GIVE THE GOJ COPY OF OUR ANALYSIS ON IMPACT OF AN OIL PRICE INCREASE TO BE PUBLISHED SOON AND WOULD PASS ON TO THEM ON PRIVATE BASIS OUR ANALYSIS WHICH DISAGGREGATES IMPACT BY COUNTRY.

4. EC/JAPAN TRADE NEGOTIATIONS: MOTONO TOOK THE INITIATIVE TO RAISE THE RECENT MEETINGS WITH EC. HE FEELS JAPAN IS BEING MADE SCAPEGOAT FOR EUROPEAN INABILITY TO RESOLVE ITS OWN STRUCTURAL TRADE PROBLEMS. WHAT THE JAPANESE WANT MOST OF ALL IS TO BRING ABOUT COOLING OFF OF PRESENT TENSE SITUATION AND TO AVOID BEING SINGLED OUT FOR SPECIAL TREATMENT. THEY ARE AWARE THAT THEY HAVE A PUBLIC RELATIONS PROBLEM, AND EXPRESSED JUDGMENT THAT EUROPEAN PUBLIC WOULD PROBABLY REGARD RECENTLY ADOPTED RESTRAINING MEASURES AS INADEQUATE. THEREFORE, THEY PLAN TO STRESS VARIOUS MEASURES THEY HAVE ADOPTED IN THE PAST TO RESTRAIN GROWTH OF JAPANESE EXPORTS. UNDER SECRETARY ROGERS NOTED THAT THE EUROPEAN-JAPANESE TRADE RELATIONSHIP COULD NOT BE SEEN AS AN ISOLATED PHENOMENON, THAT TRADE PATTERNS IN THE INDUSTRIAL WORLD HAD TRILATERAL EFFECTS AND THAT ANY EFFORT SEEN IN THE US AS DIVERTING JAPANESE EXPORTS FROM EUROPEAN TO US MARKET WOULD HARDLY BE WELCOMED IN US, WHERE UNIONS, FOR EXAMPLE, ARE BOTH POWERFUL AND INCREASINGLY PROTECTIONIST IN OUTLOOK. ARMSTRONG UNQUOTE ROBINSON  
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